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-Title. Simply a legal name for proof of ownership. When title passes to you-when the **deed** has been properly signed, **notarized** and **recorded**-you are the owner. It also refers to the way property is owned-for instance two people may own property as joint tenants or tenants in common. When a tenant in common dies, the property passes to his heirs, but when a joint tenant dies, the property passes to the other owner.

-Grant **deed**. This is the name for a piece of paper that you use to transfer your ownership in **real** property to another. When you use a grant **deed**, you are representing that you have informed the buyer of any encumbrances (defined later) on the property, and that it has not already been sold to somebody else. The grantor is the person getting rid of the property; the grantee is the person getting it.

-Trust **deed** or **deed** of trust. This is what most people refer to when they use the term mortgage (although it is not exactly the same). It is usually the security-or collateral-for a loan and is attached to the promissory note-and held by the lender. It gives the lender the right to take over the property and sell it in order to pay off the loan, if the buyer skips town or just can't meet the loan payments. The holder of the note is called the trustee. There may be more than one trust **deed** on the same property.

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Buying and selling **real estate** can be a complicated, even mind-boggling, experience, filled with conflicting advice from self-proclaimed experts, using unfamiliar, confusing legal language.

Phrases like second trust **deed** and title search get tossed around easily, as if everyone already knows exactly what they mean.

Layman's Glossary

If you're about to begin a **real estate** transaction, or even if you just want to impress your friends at a cocktail party, you should have a basic understanding of some terminology. So, today I'll offer an oversimplified, layman's glossary

of some of the legal terms associated with **real** property. (That is a legal term itself. **Real** property means land and things that are permanently attached to it-like a swimming pool, a house or a sprinkler system. Anything else is called personal property.

(When you buy a piece of **real estate**, you are buying **real** property. The seller keeps the personal property. Sometimes, you'll find yourself in a heated argument-or even a lawsuit-about which category applies.)

Here are some definitions (using California law) that you should know:

-Title. Simply a legal name for proof of ownership. When title passes to you-when the **deed** has been properly signed, **notarized** and **recorded**-you are the owner. It also refers to the way property is owned-for instance two people may own property as joint tenants or tenants in common. When a tenant in common dies, the property passes to his heirs, but when a joint tenant dies, the property passes to the other owner.

-Grant **deed**. This is the name for a piece of paper that you use to transfer your ownership in **real** property to another. When you use a grant **deed**, you are representing that you have informed the buyer of any encumbrances (defined later) on the property, and that it has not already been sold to somebody else. The grantor is the person getting rid of the property; the grantee is the person getting it.

-Quitclaim **deed**. Another name for a piece of paper used to transfer title. However, it contains no warranties or promises. Essentially, all it says is that you are transferring whatever you own at the time-without guaranteeing what it is that you own exactly. So if there is a tax lien on the property, that would not be disclosed.

-Trust **deed** or **deed** of trust. This is what most people refer to when they use the term mortgage (although it is not exactly the same). It is usually the security-or collateral-for a loan and is attached to the promissory note-and held by the lender. It gives the lender the right to take over the property and sell it in order to pay off the loan, if the buyer skips town or just can't meet the loan payments. The holder of the note is called the trustee. There may be more than one trust **deed** on the same property.

In a typical private home, a bank holds a **deed** of trust. Later, if the homeowner wants to borrow more money, he uses the house as collateral.

Another Note

Another promissory note-or IOU-and **deed** of trust are signed and **recorded**. This is called the second because it is second in line to be paid. If the buyer defaults on the loans, the proceeds from the sale of the house are used to pay the trust **deed** **recorded** first, and the person holding the second will only be paid once the first is paid off.

-Encumbrance. This is any legal claim against the property. It could be a **deed** of trust, unpaid property tax or an unpaid assessment from a homeowner's association.

-Recording. This has nothing to do with **records** or tapes. It is a system of public notice so that ownership interests, tax liens and other encumbrances can be open for inspection. Each county recorder keeps a public **record** of **real estate** transactions **recorded** under the legal description of the property.

-Title search. This is a review of the documents filed with the county recorder's office. It is usually conducted for a fee by title insurance companies. It is the way you try to find out if you are buying "good title." You can find out who owns property, if it is subject to any tax liens, special property assessments, loans or mechanic's liens. (A mechanic's lien is a claim against the property for an unpaid bill by a person who rendered services to fix or improve the property, such as a plumber or roofer.)

-Title insurance. An insurance policy on the title search. It covers losses from encumbrances that were not found, but should have been found, during the title search.



Remember, these definitions are oversimplified and are only meant to give a basic, working knowledge of the issues and terminology. They may help during cocktail conversation, but if you're involved in a **real estate** transaction and need further counsel or information, consult an experienced **real estate** attorney.

Attorney Jeffrey S. Klein, The Times' senior staff counsel, cannot answer mail personally but will respond in this column to questions of general interest about the law. Do not telephone. Write to Jeffrey S. Klein, Legal View, The Times, Times Mirror Square, Los Angeles 90053.

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